

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 894 - HB 1168

March 10, 2013

SUMMARY OF BILL: Enacts the “Genetically Engineered Food Labeling Act of 2013” that requires food, containing more than one-tenth of a percent of its total weight in genetically engineered micro-organisms, plants, or livestock, to be labeled as genetically engineered food. Classifies as an unfair or deceptive act under the Consumer Protection Act, any misleading labeling of such food, which is a Class B misdemeanor.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$274,600/FY13-14
\$136,600/FY14-15 and Subsequent Years**

Assumptions:

- According to the Department of Agriculture (TDOA), the Department will implement a sampling program to ensure compliance with labeling requirements. Fifty samples at an estimated cost of \$4.00 per sample will be tested each week. The cost for laboratory supplies is \$18 per sample. As a result, the recurring increase in state expenditures will be \$57,200 [(\$4.00 per sample + \$18 lab supplies per sample) x 50 samples x 52 weeks].
- TDOA will hire one additional Chemist, resulting in a recurring increase in state expenditures of \$47,375 (\$35,970 salary + \$11,405 benefits).
- TDOA will hire one part-time Food and Dairy Inspector. It is estimated that the inspector will work approximately 800 hours per year at \$16.22 per hour. The recurring increase in state expenditures will be \$12,976 (800 hours x \$16.22 per hour).
- TDOA will incur travel and communications costs for the two new positions. The recurring increase in state expenditures will be \$4,000 (\$2,000 travel and \$2,000 communications).
- According to TDOA, the purchase of equipment necessary for product testing will result in a one-time increase in state expenditures of \$150,000. The maintenance contracts for the equipment will result in a recurring increase in state expenditures of \$15,000 in FY14-15 and subsequent years.
- There will be a one-time cost of \$3,000 (\$1,500 x 2) for computers, software, and related equipment for the two new employees.
- The total increase in state expenditures for FY13-14 is estimated to be \$274,551 (\$57,200 + \$47,375 + \$12,976 + \$4,000 + \$150,000 + \$3,000).

- The total recurring increase in state expenditures for FY14-15 and subsequent years is estimated to be \$136,551 (\$57,200 + \$47,375 + \$12,976 + \$4,000 + \$15,000).
- A small increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local government revenue from fees, taxes, and costs collected. These expenditures and revenue are estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

/cce